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STATE OF ALASKA

DEPARTMENT OF FISH AND GAME

OFFICE OF THE COMMISSIONER

JAY S. HAMMOND, GOVERNOR

SUPPORT BUILDING
JUNEAU, ALASKA 99801

PHONE:

May 3, 1982

Dear Sir:

Thank you for your interest in foreign processing and tendering of surplus salmon during 1982.

The Alaska Board of Fisheries has reviewed information and data regarding expected salmon runs, anticipated processing capability of U.S. processors, the anticipated market situation and other pertinent information provided during its meeting on April 3, 1982. The Board has tentatively granted limited permission for foreign vessels to process surplus pink salmon in five of the State's commercial fisheries. For each of these fisheries the Board has tentatively identified the periods open to foreign processing operations and the potential surplus which may be available.

Norton Sound: From July 1 through July 31, three million pink salmon may be available. The projection for this run may be less reliable than more formal pink salmon forecasts compiled for other fisheries. The magnitude of this surplus is greatly beyond the historical high harvest of 300,000 pink salmon for this region. A possible shortage of available harvesting capacity may also exist. Any foreign vessel seeking to process these fish must be prepared to operate in either Golovin Bay or Norton Bay as there are no other internal waters present in this region.

Nushagak Bay: From July 20 through August 10, four million pink salmon may be available. Foreign processing vessels must be located in Nushagak Bay.

Kodiak Island: From July 25 through August 15, 1.5 million pink salmon may be available.

Prince William Sound: From July 20 through August 20, three million pink salmon may be available. One million of these fish are expected to be taken in the terminal hatchery harvest area adjacent to the Port San Juan hatchery.

Southeastern: From July 25 to August 25, one million pink salmon may be available in southern Southeast districts 1, 2, and 3.

It is important to stress that in identifying these tentative surpluses, the Board makes no guarantee of the actual availability of these fish to foreign processing vessels. Catch projections are based on recent stock production trends and analysis of pre-season indicators. Actual run sizes may vary from those forecasted. Likewise, the timing of returning runs is variable and can only be estimated from historical data.

A Foreign Processing and Tendering Permit must be obtained from the Commissioner of Fish and Game before a foreign processing vessel can operate in State waters. The decision to issue a permit will be made by the Commissioner with concurrence of the Governor's Office on the basis of the determination that the requirements of the State foreign processing regulation and the Findings of the Alaska Board of Fisheries on Foreign Processing will be satisfied by this action. If a permit is issued to a foreign processing vessel, the actual processing operation cannot begin until the area in which the vessel is authorized to operate is opened to foreign processing by Commissioner's Announcement. Furthermore, the Commissioner may:

- (1) modify, pre-season and in-season, locations and times open to foreign processing based on changes in anticipated and demonstrated processing capabilities;
- (2) modify the number of salmon available for foreign processing based on demonstrated run strength and domestic processing capabilities;
- (3) modify locations and times open to foreign processing based upon the timing and overlap of runs of non-target species; and
- (4) terminate foreign processing operations if it appears that the product of those operations may displace domestically processed Alaskan salmon from normal domestic and foreign markets.

In order to promote the public safety and convenience to the fisherman and the Department, the Commissioner may designate within the State's internal waters those areas where a foreign processing vessel may operate. Foreign processing vessels are prohibited by State and Federal law from operating outside the State's internal waters.

Foreign processing vessels limited to receiving and processing pink salmon will be allowed to accept other species caught incidentally, in order to relieve the fisherman of the burden of sorting his catch. However, the Commissioner will monitor the magnitude of the catch of non-target species to determine whether the timing and location of foreign processing operations must be adjusted to protect domestic processors who may be processing non-target species.

Tentative surpluses have been identified only for pink salmon in the areas specified. At the present time surpluses are not anticipated for any species other than pink salmon. Permit applications will be finalized only for pink salmon in the areas indicated. However, permit applications to process other

May 3, 1982

species or in other areas will be accepted but will not be finalized unless new pre or in-season information indicates a change in the current assessment of capacity.

To apply for a Foreign Processing and Tendering Permit complete the enclosed permit application and return to Foreign Processing Coordinator, Division of Commercial Fisheries, Alaska Department of Fish and Game, P.O. Box 3-2000 Juneau, Alaska 99802.

Along with the permit application, a copy of the Findings of the Alaska Board of Fisheries on Foreign Processing, the foreign processing regulation and information on additional permit requirements are enclosed.

Sincerely,

George Utermohle
Foreign Processing Coordinator
Division of Commercial Fisheries
(907) 465-4215

Enclosures

ALASKA BOARD OF FISHERIES
FOREIGN PROCESSING DURING THE 1982 SALMON FISHERIES

I. FINDINGS

Under 5 AAC 39.198, commercial fishing and related operations by aliens not lawfully admitted to the United States are prohibited. The regulation provides that the Board of Fisheries may grant limited exceptions to 5 AAC 39.198 with respect to particular fisheries and permit foreign vessels and aliens to process fish resources at or transport fish resources from an existing or constructive port when the conditions specified in 5 AAC 39.198(d) exist.

The Board has reviewed information and data regarding expected Alaskan salmon runs, anticipated processing capability of U.S. processors, the anticipated market situation, the likelihood of waste, and the possibility of clandestine operations. The Board has received processing capacity reports from the Department of Fish and Game, marketing analysis reports from the Department of Commerce and Economic Development, reports on anticipated foreign processing interest from the Office of the Governor, and considered comments made during public hearings in Anchorage on April 3, 1982.

The Board finds:

1. In the Norton Sound, Bristol Bay, Kodiak, Prince William Sound, and Southeastern Alaska salmon fisheries, pink salmon runs are expected to greatly exceed spawning escapement requirements in many of the contributing river systems and approximately 81 million pink salmon will be available for commercial harvest.
2. The volume of pink salmon available for harvest may exceed the processing capability of United States processors by approximately 12.5 million pink salmon.
3. The large volume of pink salmon in excess of the domestic processing capacity and anticipated marketing conditions are expected to cause suspensions of operations by domestic processors with a resultant loss of opportunities for the domestic fishermen to market their catches.
4. There is a likelihood of substantial wastage of pink salmon resources taken in the fisheries if foreign processing or transportation capacity is not utilized.
5. Allowing vessels from certain foreign nations to process salmon in selected internal waters of the State would most likely not result in a displacement of the commercial market away from domestic processors.
6. There is no significant likelihood of clandestine foreign fishing operations if a limited exception is granted.

II. EXCEPTIONS TO 5 AAC 39.198 GRANTED

Based on the above findings, the Board hereby tentatively grants limited exceptions to 5 AAC 39.198 allowing the use of foreign vessels to process salmon in the following locations during the specified times.

<u>Management Area</u> ¹	<u>Foreign Processing Season</u> ²	<u>Projected Processing Surplus</u> ³
Norton Sound district	July 1 - July 31	3,000,000 pink salmon
Nushagak district	July 20 - August 10	4,000,000 pink salmon
Kodiak	July 25 - August 15	1,500,000 pink salmon
Prince William Sound	July 20 - August 20	3,000,000 pink salmon
Southeastern Alaska	July 25 - August 25	1,000,000 pink salmon

¹ The Department will specify on the foreign processing permits locations within these management areas where processing operations can be conducted.

² The Department may adjust these dates dependent on timing of the various salmon runs and the degree of species overlap between runs.

³ The possible amount of harvestable pink salmon which may be in excess of domestic processing capability. These numbers will be adjusted by the Department as additional run size, harvesting, and processing data becomes available.

Foreign vessels processing or tendering unprocessed salmon must adhere to the following conditions:

1. Only salmon harvested in the Norton Sound district (5 AAC 04.200(b)), Nushagak district (5 AAC 06.200(a)), Kodiak Area (5 AAC 18.200), Prince William Sound Area (5 AAC 24.200) and Southeastern Alaska Area (5 AAC 33.200) may be delivered to a foreign vessel.
2. The operator of each vessel engaged in the processing or tendering of salmon under this limited exception must obtain a "foreign processing permit" from the Alaska Department of Fish and Game and keep it posted in a conspicuous place in the wheel-house; requests for a "foreign processing permit" may be directed to the Commissioner of the Alaska Department of Fish and Game and shall specify:
 - a. dates of operations;
 - b. location of operations;
 - c. place of intended delivering and processing outside Alaska;
 - d. location of final market place;
 - e. room and board arrangements for a State observer; and
 - f. such other items as the Department may require.
3. Each holder of a "foreign processing permit" shall report to the local representative of the Department the number and pounds of each species of salmon received each day pursuant to processing

operations permitted under 5 AAC 39.198(a) and other information required by the Department to assure the orderly harvest and documentation of the 1982 pink salmon surplus.

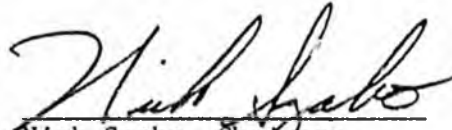
4. Each permittee shall abide by all applicable Federal, State, and local laws, regulations and ordinances and all other conditions required by the Commissioner to assure the orderly harvest of the 1982 pink salmon surplus.

III. GUIDELINES FOR THE COMMISSIONER

In accordance with 5 AAC 39.198(d), the Board directs the Commissioner of the Department of Fish and Game to adhere to the following guidelines when granting and terminating exceptions to 5 AAC 39.198:

1. Those general guidelines set forth in 5 AAC 39.198(d)(1) through (5).
2. Modify, pre-season and in-season, locations and times open to foreign processing based on changes in anticipated and demonstrated domestic processing capabilities.
3. Modify the number of salmon available for foreign processing based on demonstrated run strength and domestic processing capabilities.
4. Modify locations and times open to foreign processing based upon the timing and overlap of runs of non-target species.
5. Terminate foreign processing operations if it appears that the product of those operations may displace domestically processed Alaskan salmon from normal domestic and foreign markets.

DATED: April 7, 1982


Nick Szabo, Chairman
Alaska Board of Fisheries

Clasby

ALASKA DEPARTMENT OF FISH AND GAME
DIVISION OF COMMERCIAL FISHERIES

1982 PROCESSING CAPACITY UPDATE
TO THE
ALASKA BOARD OF FISHERIES

Anchorage, Alaska
April 1982

1982 PROCESSING CAPACITY UPDATE

Introduction

The 1982 Alaskan salmon processing picture continues to demand serious attention by fishermen, processors, and government officials. Central to the success of what could represent a record commercial salmon season for Alaska is the ability of the salmon industry to catch and process the surpluses as they become available for harvest. The Alaska Board of Fisheries and the Department of Fish and Game has attempted to anticipate potential harvesting and processing difficulties so that unplanned underutilization or wastage of Alaska's important renewable fish resources may be avoided. The Department of Fish and Game compiled a preliminary evaluation of the potential 1983 domestic processing capacity for presentation to the Board of Fisheries in December 1981. It was recognized that important additional information would come available as industry plans solidified and that an updated evaluation of the processing picture would aid the Board of Fisheries in further considering possible regulatory solutions during their spring meeting. This update is intended to serve in that capacity by reporting what limited new information has come to light since December 1981.

The information contained in this report is intended to supplement the Preliminary 1982 Processing Capacity Report. Only those fisheries identified as strong candidates for processing shortfalls are addressed. It is also hoped that additional information will be brought to the Board's attention as a result of the public hearing.

It must be stressed that processing capacities described in this report as well as that of the Preliminary 1982 Processing Capacity are potential processing capacities based on either past observed actual capacities or estimates of capacity obtained through direct contact with local processors unless otherwise stated.

While it is difficult if not impossible to judge precisely what level of potential capacity will actually be utilized by individual operators, the information permits pre-season identification of likely problem areas. The following narrates new information concerning selected fisheries and provides recommendations for further consideration. Tables 1 and 2 list the revised harvest projections for the State's commercial salmon fisheries and projected daily processing capacity estimates derived for selected salmon fisheries.

Fishery Updates and Recommendations

A resurvey of southeastern Alaska salmon processors did not detect major differences in the region's overall processing capacity situation as reported earlier. There is a possibility of two 1/4 pound canning lines being added to one processor's capability, but it is not expected to significantly increase the region's canning operations.

Tender capacity remains an important uncertainty and will be a prime factor in deciding the region's successful handling of the anticipated

record harvest. While the Department believes adequate numbers of tenders will be available to processors to move fish both within the southeast region and to areas outside for processing, it cannot be verified. One company has indicated plans to move a considerable number of pink salmon outside the State for processing. Other southeast companies with affiliation to Canadian or Washington processors may elect to follow suit.

In light of the importance of tendering support to region processors and to provide adequate export capabilities, it may be desirable to adjust the management strategy by spacing fishery openings to enhance the even supply and transportation of harvests to processors. This approach was successfully used during the 1977 purse seine fishery when one day openings were evenly staggered through the peak fishing weeks instead of the more normal three to five day consecutive fishing periods. The staggered daily opening fishing pattern must be applied cautiously as it does increase fleet harvesting effectiveness and not all southeast pink salmon stocks may be able to withstand the pressure.

Lastly, it remains evident that domestic processing shortfalls would likely occur if the harvest exceeds the 25.5 million pink salmon projection. In this event consideration should be given to permitting the use of foreign tenders to move fish outside southeast for processing.

Prince William Sound remains high on the list of fisheries potentially in need of additional processing capacity. Resurvey of all major salmon processors indicated only slight changes in individual plant processing capacities leaving the area wide picture as reported earlier.

A 2.5 million fish shortfall in potential domestic processing capacity is projected to occur during the two peak harvest weeks (July 26 to August 8). Like Southeastern, the Prince William Sound fishery must rely heavily on export capacity to processing facilities outside the area. In this regard several companies reported firm commitments with Cook Inlet plants to handle Prince William Sound catches. While Kodiak has in past years processed up to 50% of the fish exported from Prince William Sound that capacity may be needed to handle Kodiak harvests.

Certainly, the Prince William Sound pink salmon fishery stands as a prime candidate for foreign processing. Interest in accessing foreign processing capacity has been expressed by some domestic operators.

Though the Kodiak salmon fishery was not initially identified as a candidate for capacity problems based on past area harvests it is now apparent that Kodiak capacity may be stressed by fish imported from other fisheries that coincide with its peak harvest periods (Figure 1). Specifically, the 4.5 million weekly processing capacity estimated for Kodiak area operators while adequate for the expected maximum weekly harvest rate of 4 million fish may be inadequate to also cover a potential half million fish weekly export from Prince William Sound aside from other area exports. Comparison of pink salmon run timing shows similar peak harvest periods for both Kodiak and Prince William Sound fisheries. Clearly, the most direct resolution of this potential problem is to address the capacity deficiencies in Prince William Sound thereby reducing the potential burden on Kodiak.

No new information has been obtained from Bristol Bay salmon processors that would alter the preliminary capacity evaluation of the areas sockeye salmon fishery. Department biologists have revised the Kvichak River escapement goal from 2.0 to 4.0 million sockeye salmon spawners for the 1982 season to strengthen the normally weak mid-cycle year production. This lowers the anticipated sockeye salmon harvest to 27.2 million and may further ease the processing picture in the Naknek-Kvichak fishing district. Overall, Bristol Bay processors have demonstrated adequate capacity to handle the 1982 forecasted sockeye salmon harvest.

The situation may be considerably different during the Nushagak District pink salmon fishery which could potentially provide a record harvest of 8.2 million fish. Recent contact with processors show limited interest in this late July early August fishery. Although adequate processing capacity does potentially exist to handle the harvest it is now evident processing capacity shortfalls are likely. Unfortunately the Department cannot now quantify what the shortfall may be nor can the normally variable Nushagak River pink salmon forecast be expected to be precise. Certainly, the lack of processor commitment is related to confidence in the forecast; it is difficult to plan a processing operation for a fishery that may not materialize as predicted. The Nushagak District pink salmon fishery may be a strong candidate for foreign processing unless processors show considerably more interest.

The Norton Sound pink salmon fishery continues to share many of the same problems identified for the Nushagak District pink salmon fishery. Presently, no major processing effort is expected for the 1982 fishery,

which could potentially produce a 3.5 million harvest. Logistic problems, limited processing facilities, high transportation cost, and low price paid to fishermen is expected to prevent proper exploitation of surpluses available.

Foreign Processing Legislation Update

A bill is now before the U.S. Congress to prohibit foreign processing in State waters (Territorial Sea and Internal Waters) unless the Governor of the State invites them in. The bill is still going through a series of modifications, but the current language gives the Governor rather wide latitude on the criteria for allowing foreign processing and the procedures to be used. Lack of processing capacity is given as one basic criteria.

It is anticipated that this legislation will be in place before the 1982 Alaskan salmon season and will govern the State's use of foreign processing.

Table 1. Comparison of 1980 and 1981 commercial salmon harvests to harvestable surpluses projected for 1982 Alaska Fisheries.

Fishery	Commercial Harvest in Millions of Fish		
	1980	1981 1/	1982 Projected 2/
SOUTHEASTERN	18.7	21.0	29.2
PRINCE WILLIAM SOUND	15.2	23.3	25.7
COOK INLET	5.2	6.7	5.8
BRISTOL BAY	28.1	27.7	36.9
KODIAK	19.2	13.1	15.9
CHIGNIK	2.3	3.6	3.0
ALASKA PENINSULA-ALEUTIANS	18.3	12.1	12.9
ARCTIC-YUKON-KUSKOKWIM	3.3	3.9	3.6
State Total	110.3	111.4	133.0

1/ Preliminary, compiled November 23, 1981.

2/ Revised March, 1982.

Table 2. Projected daily processing capacity estimates for selected Alaskan salmon fisheries in 1982.

Area	Daily Processing Capacity (numbers of salmon)			
	Canning	Fresh-Frozen	Export	Combined
SOUTHEASTERN	750,000	274,000	350,000 1/	1,374,000
PRINCE WILLIAM SOUND	545,000	97,000	290,000 2/	932,000
BRISTOL BAY	684,000	648,000	468,000	1,800,000
KODIAK	725,000	170,000	3/	895,000
SOUTH PENINSULA-ALEUTIANS	325,000	100,000	3/	425,000

1/ The 1978 estimated export level, although a 250,000 lbs./week export capacity is planned by one processor for 1982.

2/ Considered a minimal level.

3/ Unknown.

Comparison of Commercial Harvest Timing and Peak Catches for Selected Pink Salmon Fisheries in Alaska.

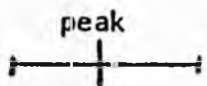
Prince William Sound

Wild pink salmon stocks

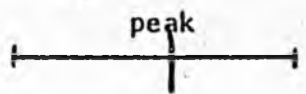


San Juan Hatchery stocks:

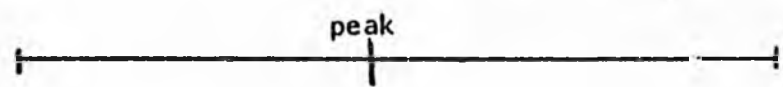
In common property fishery



In hatchery harvest area

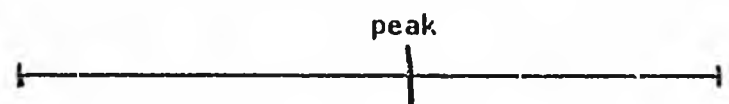


Kodiak Pink Salmon



Bristol Bay Pink Salmon

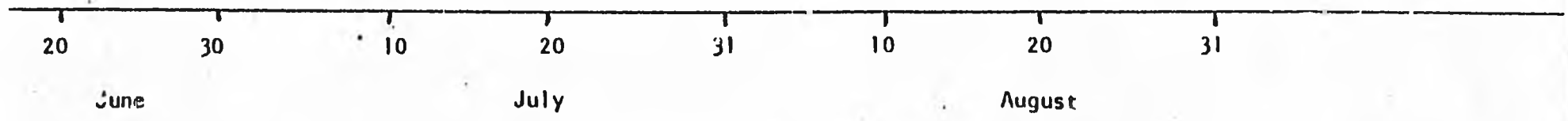
(Nushagak District)



Horton Sound Pink Salmon



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ALASKA DEPARTMENT OF FISH AND GAME
DIVISION OF COMMERCIAL FISHERIES

PRELIMINARY 1982 PROCESSING CAPACITY REPORT
TO THE
ALASKA BOARD OF FISHERIES

Anchorage, Alaska
December, 1981

PRELIMINARY 1982 PROCESSING CAPACITY REPORT

Introduction

Based on forecasts developed by Department of Fish and Game biologists, the 1982 Alaskan commercial salmon fisheries may well experience the largest harvestable surplus ever documented. Potential harvest of 135 million salmon from the State's commercial fisheries, if realized, would continue a seven year trend of increasing catches and surpass the previous record harvest of 126 million salmon established in 1936.

The 1982 statewide forecast is also unique, with 81 million (or 60 percent) of the total 135 million fish harvested projected to be pink salmon. Pink salmon harvest of that level would surpass the old record of 77.8 million pink salmon harvested in 1941. Record pink salmon surpluses in the major fisheries around the Gulf of Alaska may have profound effects on market availability and price paid to fishermen in many of the more remote pink salmon fisheries in Norton Sound, Nushagak Bay and along the Alaska Peninsula.

While a total statewide harvest of this magnitude provides important opportunities and great potential benefits, it also presents great challenges to the State and industry to ensure proper utilization of the valuable resource available. In recent past seasons large salmon harvests in some areas have stressed domestic processing capabilities which have resulted in some harvestable surpluses lost to the fisheries. The 1980 Bristol Bay sockeye salmon fishery provides an example where fishing activities delayed by price disputes and processing capacity shortfalls resulted in approximately 13.5 million fish, worth \$43 million to fishermen alone, lost to the harvest.

To seek a solution for these situations the Department of Fish and Game and the Alaska Board of Fisheries, with the aid of industry and fishermen, have attempted to document existing domestic harvesting and processing capacities and identify potential shortfalls in a series of annual processing capacity reports. The first report published in the spring of 1978 aided government and industry officials in developing plans to deal with the processing problems identified. Similar reports were also published in 1979 and 1980 to document problems anticipated as a result of record level forecasts.

Like the preceding reports, this report is intended to serve as a first step in the planning process for the anticipated record 1982 salmon runs by identifying fisheries where significant processing capacity deficiencies may well occur. Comparisons of actual processing performances observed during the past two seasons or potential capacities based on facilities available are made to the size and timing of the 1982 forecasted harvests by area and serve as basis for capacity determinations. Clearly, it is difficult if not impossible for this report to address actual processing capacities domestic processors may plan for the 1982 season as that will largely depend on price and marketing factors still largely undetermined. Government and industry officials should evaluate the material presented in this brief analysis and focus further analysis and planning efforts on the problems identified.

Capacity information provided in this report was compiled by Commercial Fisheries Division personnel in early November through direct contact with local area processors and/or assessment of industry performance in 1980-81 (Tables 2 and 3).

Statewide Overview

The 1980 and 1981 commercial salmon fisheries in Alaska provided total annual harvests of 110.3 and 111.4 million fish respectively. Many local salmon fisheries documented new record harvests during the two years and provided new challenges to the fishermen and processors alike. Harvest levels observed during those years provide one quick way to gauge how well fishermen and processors may respond to the record level salmon runs anticipated for the 1982 fisheries. A simple comparison of the 1980 and 1981 commercial salmon harvests by region or area to the estimated 1982 harvest levels identifies three fisheries (Southeastern, Prince William Sound, and Bristol Bay) that may face harvests significantly greater than those recorded in recent years (Table 1 and Figure 1). The other areas show anticipated reductions in salmon harvest and infer that harvesting and processing capacities may not become a problem in these fisheries, provided area capacities remain similar to what they were in 1980 and 1981. The three areas showing significant potential harvest increases warrant further discussion.

Southeastern

The 1982 Southeastern Alaska forecasts show dramatic increases in the harvests over that of 1980 or 1981 although the 1978 harvest of 25 million salmon compares closely. The mid-point forecasted pink salmon harvest for Southeastern is 25.5 million fish. Other species are anticipated to provide an additional 3.7 million fish to the catch. While pink salmon are taken by all gear groups, the region's purse seine fisheries will clearly dominate the harvest. Adequacy of domestic processing will be determined during the pink salmon fisheries. At the 25.5 million fish forecast level peak harvest levels should occur during the first two weeks of August when daily catches of 1.0 to 1.5 million fish can be expected (Figure 2). Regional processing capacity estimated at 1.0 million fish per day, together with a daily export capacity similar to that observed during the peak of the 1978 fishing, should be adequate to handle the situation. If the pink salmon run develops at the upper end of the forecast range where harvests are projected to be 33.5 million fish, domestic processing shortfalls may occur unless the export capacity increases above 1978 levels or additional canning lines are activated. At the upper end of the forecast range, daily catches in excess of 1.5 million fish could occur during the two peak harvest weeks.

Run timing, location of harvest, and fish size will also influence the ability of domestic processors to handle the harvest. Even year pink salmon run timing in Southeast is normally drawn out over a longer period of time than odd year runs. It is anticipated that major run strength should occur in early and late run areas in District 1 and late run areas in District 3, thereby providing large harvests near processing facilities. Even year pink salmon are also commonly small, enabling processors to handle large volumes. In 1978 the 20 million pinks processed averaged only 3 pounds, well below the more normal 4 pound average seen in most seasons.

In summary, the projected harvest of 25.5 million pink salmon would closely approach or exceed the capacity of domestic processors depending on tender availability, fish size, and run timing. Salmon returns above the mid point forecasts could also cause harvests to exceed domestic processor capabilities. Preseason planning and inseason activities should be directed at ensuring the availability of adequate tender support to the fishery to move unprocessed salmon to facilities outside the region. Biologists should closely monitor early season pink catches to determine fish size and assess run strength.

Prince William Sound

The 1982 Prince William Sound forecast indicates the potential for harvests to exceed the record 1981 levels by 3.4 million salmon. Attention should be limited to harvests of pink and chum salmon since 90 percent of the other species harvest occurs before and after the normal high volume period of July 20-August 10. This reduces the difference between the 1981 season harvests and 1982 projection to slightly over 2 million fish. Like Southeastern, fish size will have a large bearing on the significance of the 1982 harvest projections. In 1981 both pink and chum salmon were significantly larger than average (4.3 lbs average for pinks and 8.5 lbs for chums). If more average fish weights are observed in 1982 the resulting poundage of the harvest will likely be less than 1981.

Run timing based on average even year pattern should place the peak harvest period during the two weeks July 26 through August 8 (Figure 2). Daily catch of 1.0 to 1.5 million fish anticipated during this period would exceed the estimated daily processing capacity of 700,000 fish and minimum 260,000 fish daily export capacity. If the midpoint forecast proves accurate, 1.5 to 2.5 million fish short fall in processing capacity can be anticipated during the two week period based on the information now available. At the lower end of the range it is anticipated that local processing capacity would be adequate to handle the situation.

Area's salmon hatchery returns are projected to contribute 5.8 million fish of the total forecasted 25.7 million salmon harvest in the common property fishery. Most of the harvest will occur in conjunction with wild stock harvest but the terminal area fishery may result in some localized fishing immediately following the area wide peak harvest period. This may serve to lengthen the harvest period and spread out peak catch. Even so, hatchery harvest in the terminal area may be frustrated by reduced fish quality and nonavailability of markets.

Processing capacity in Prince William Sound may be exceeded by as much as 2.5 million fish during the July 26 to August 8 period, based on information now available. Export capacity will largely determine whether the projected harvestable surplus is handled. Above average fish size can potentially aggravate any processing shortfall. Domestic processors will have to provide increased export capabilities to processing facilities outside Prince William Sound to handle the available surplus if the run is at or above midpoint forecast.

Bristol Bay

The 1982 forecast of salmon harvest in Bristol Bay shows the greatest difference from the 1980 and 1981 catch levels presented in Table 1. If realized, the 1982 harvest will continue the exceptional salmon production first manifested in 1978. Annual commercial catches since 1978 have averaged 24.0 million fish. As a consequence the Bristol Bay salmon fishery has been the focus of all earlier processing capacity reports in an effort to forestall harvesting and processing problems. Even so, in 1979 and 1980 price disputes delayed fishing activities and resulted in harvests lost to the fishery and further aggravated domestic processing problems. In 1979 and 1980 exceptions were granted under the authority of 5 AAC 39.198, a regulation governing commercial fishing and related operations by aliens not lawfully admitted to the United States. The intent was that foreign vessels and aliens be allowed limited participation in the Bristol Bay salmon fishery in order to supplement domestic processing capacity.

In the 1982 season the 38 million salmon harvest projected for the Bristol Bay fishery should surpass all prior recorded harvests. Sockeye and pink salmon fisheries, the two most crucial, are expected to contribute 29.1 and 8.2 million fish respectively to the harvest. Due to the nonoverlapping run timing of the two species, consideration of their harvest impacts on processing capacity is best accomplished separately.

Sockeye salmon harvests normally peak during the first week to ten days in July (Figure 2). In 1980 and 1981 daily catches of 1.0 to 2.0 million salmon were recorded from June 30 through July 12, while daily catches of 2.0 to 2.5 million were recorded between July 3 and 7. At the forecasted run level similar catch rates are expected during the 1982 sockeye fishery. Certainly this may vary as a result of changes in run timing or onshore migratory patterns and may drastically affect the ability of fishermen and industry to "stay on top of the run." Timing in both 1980 and 1981 was normal, consequently the sockeye salmon run was well spread over time and enabled the fishery to process the number of fish handled seasonally in both those years.

Size of fish can drastically affect the processors' ability to handle a run of this magnitude. The 1982 forecasted 29.2 million fish harvest would equal 161 million pounds at a 5.5 pound average and would increase or decrease 3 million pounds for every tenth of a pound change in average weight. Biologists are anticipating the run to consist of 53 percent 2 ocean fish, which may lower the average weight from the 6.5 pound average recorded in 1981.

The observed average daily sustained processing capacity of the Bristol Bay fishery in 1980 and 1981 provides the best perspective of processing capacity that may be available in 1982. Records show at peak harvest levels Bristol Bay processors were able to sustain an average 2.0 million fish daily processing capacity in 1980 and 1.6 million fish in 1981. Based on information available now, processors should be able to sustain at least a 1.8 million fish daily capacity during the 1982 season.

In summary, if similar capacities are on line for the 1982 sockeye salmon fishery as were observed in 1980-81, fishermen and industry have the ability to adequately handle the 1982 forecasted harvest. If price negotiations delay fishing activities, harvestable surpluses will be lost to the fishery. Fish size and run timing can also greatly impact the processing capacity picture and should be closely monitored by Department staff.

The anticipated pink salmon run in 1982 and processors' capacity to handle the harvest is a problem exclusive to the Nushagak District. The anticipated 9.2 million pink salmon run could potentially provide a harvest of 8.2 million fish and establish a new record catch.

Several factors will present major obstacles to the complete harvesting and processing of Nushagak District pink salmon in 1982. First, pink salmon returns have been extremely variable (from 126,000 in 1972 to 13.7 million fish in 1978) and the Department has not been able to accurately forecast returns, making it difficult for industry to plan operations. Secondly, the generally small size of the fish (average 3 pounds) slows processing and inhibits frozen production. Also, the soft nature of the Nushagak District pink salmon requires quick processing and inhibits transportation to distant plants for processing. Lastly, run timing coincides with both South Peninsula and Kodiak pink salmon fisheries, thereby reducing the availability of processing capacity outside Bristol Bay.

Large pink salmon runs were recorded in three previous years in Nushagak Bay: 3.8 million fish in 1966, 13.7 million fish in 1978, and 5.1 million fish in 1980. Based on those seasons, runs of 3 to 5 million fish are generally easily handled by what fishing and processing effort remains after the sockeye salmon fishery. Total runs in the magnitude of 1978 (13.7 million fish) created severe harvesting and processing problems, resulting in fish dumping and lost harvest. It is anticipated that the 1982 pink salmon run, if it occurs as forecast, would create similar problems. It is impossible to predict at this time what processing capacity will be on line for the 1982 pink fishery.

The projected pink salmon harvest level presents many problems to the fishery which may not be resolved. Market conditions and fishermen and industry interest will largely control whether the harvest is achieved.

Fisheries identified earlier as not strong candidates for processing capacity problems in 1982 as a result of projected harvests not exceeding prior levels may heavily influence the successful operations in the three key questioned fisheries as well as other minor fisheries. This is especially true in Prince William Sound, where successful handling of the anticipated 1982 surplus will largely be controlled by availability of processing capacity in adjacent areas.

As in past seasons Kodiak and Lower Cook Inlet facilities should provide a major outlet for surplus Prince William Sound pink and chum salmon harvests as well as for Bristol Bay sockeye salmon fishery surpluses. Further, Kodiak should continue to provide supplemental capacity for the important fisheries

on Chignik sockeye salmon, Alaska Peninsula June sockeye and chum salmon, and August pink salmon. It is doubtful that any of these areas would be situated to lend supplemental capacity to Nushagak District pink salmon processing due to run timing conflicts with their own principle fisheries.

The Norton Sound pink salmon fishery shares many of the same problems identified for the Nushagak Bay pink salmon fishery. Though no formal forecast is made for Norton Sound pink salmon stocks, fisheries biologists anticipate the 1982 run may approach the 5 million fish level recorded for the 1980 parent run. Escapement requirements estimated at 1.5 million fish could provide a 3.5 million fish potential harvestable surplus. Records show that pink salmon runs of this magnitude are common to the Norton Sound fishery. Even so, the minimum fishing and processing effort is not anticipated to change from that observed during the 1980 fishery when 277,000 pink salmon were harvested. Logistic problems, limited processing facilities, and high transportation costs have all contributed to low prices paid for Norton Sound pink salmon and prevented proper exploitation of surpluses available. Improved markets and additional export capacity would be needed before substantial harvest gains could be realized.

Status of State's Foreign Processing Regulation

On the 13th of February, 1981, the Bristol Bay Herring Marketing Cooperative and others sued the State of Alaska to prevent enforcement of the provisions of 5 AAC 39.198 and allow them to sell unprocessed herring to the North Pacific Longline-Gillnet Association, a group of Japanese fishermen. On March 27, 1981 Federal District Court Judge James H. Fitzgerald issued his findings, conclusions and opinion on the suit. The judge concluded that the State's regulation was "an unlawful burden under the commerce clause of the United States Constitution;" that the Coop would suffer irreparable injury as they would be precluded from honoring their contract with the Association and that the State had the ability to protect the resource. The judge restrained the State from enforcing its foreign processing regulations, but made the restraining order applicable only to the Coop's actions. Other groups could not engage in similar activities.

Federal Legislation

To remedy the implications of the U.S. District Court ruling, Alaska has actively pursued Federal legislation that would assure State authority to determine the need for and the regulation of supplemental foreign processing.

Several bills already exist in the Senate and House with the next action probably occurring by the House in late January.

Commissioner Skoog leads a work group of fishermen and processors which has been working since September at preparing legislative recommendations to reflect the interests of the State. This work group is currently preparing a draft bill that addresses the following points:

- a) A remedy is necessary prior to the start of 1982 fisheries.
- b) It is necessary to allow controlled utilization of foreign processing vessels for certain fisheries in the State's waters.

- c) The determination of the need for foreign processing in Alaska's waters should be made by the State.
- d) Foreign vessels should comply with all existing applicable laws.
- e) The need for foreign processing should be based on the evaluation of the capability (capacity and intent to use such capacity) of domestic processors to handle the expected harvest, coupled with an evaluation of impacts of foreign processing on both the processing and the harvesting sectors of the U.S. fish industry.

The work group intends to provide final recommendations by the end of the year.

Recommendations

Considering the industry capacity demonstrated in 1980 and 1981 it would seem that if the runs materialize at or below the point forecast the vast majority of the available surplus would be harvested. The Department has pointed out that runs in Southeastern, Prince William Sound, and Bristol Bay are most likely to exceed past demonstrated capacity. We can obviously not guarantee at this point where the runs will fall within the forecast range. We also cannot predict industry intent due to our lack of firm knowledge of market conditions which will prevail this season. Nevertheless, we do know that pink salmon make up some 60 percent of the statewide total and would be a historical record if they materialize as forecast. The three fisheries identified as having possible surpluses in excess of capacity all would have surpluses of pink salmon. This may make the potential for surplus more credible.

We would also point out that, given the potential for a surplus of available pink salmon, there may be a lack of interest in harvest of this species in more remote areas where quality is less than in the more usual fisheries. Unharvested surpluses of pink salmon have commonly occurred in Norton Sound and in recent years in Bristol Bay. Terminal area harvests at hatchery facilities may also produce lower quality fish of lessened demand.

We have highlighted certain area/species problems. None are so clear as to demand action without further consideration of industry intent. Nevertheless, the potential for unharvested surpluses clearly exists and we suggest this trigger the need for further study and possible action by appropriate bodies.

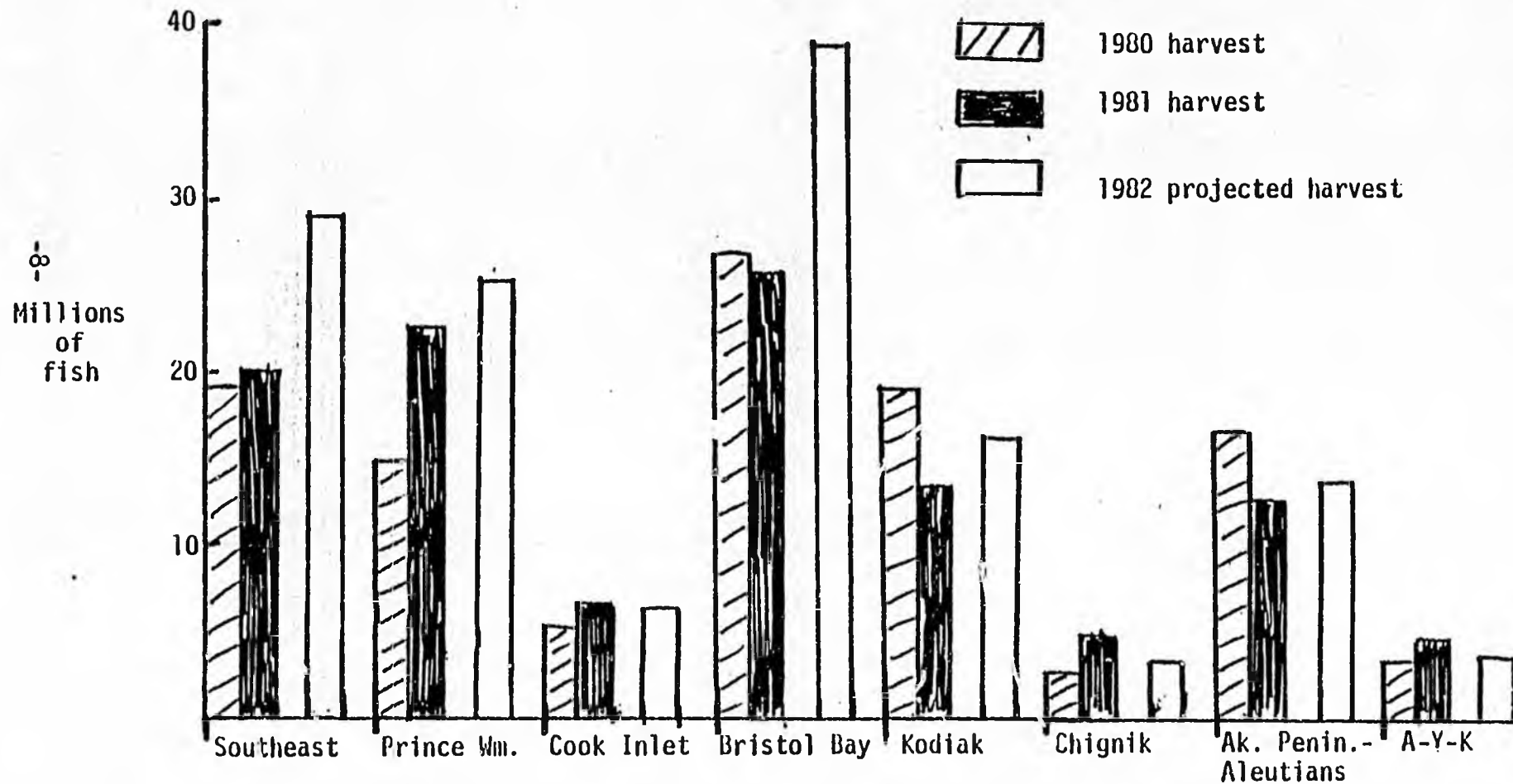


Figure 1. Comparison of 1980 and 1981 commercial salmon harvests to harvestable surpluses projected for major Alaska fisheries in 1982.

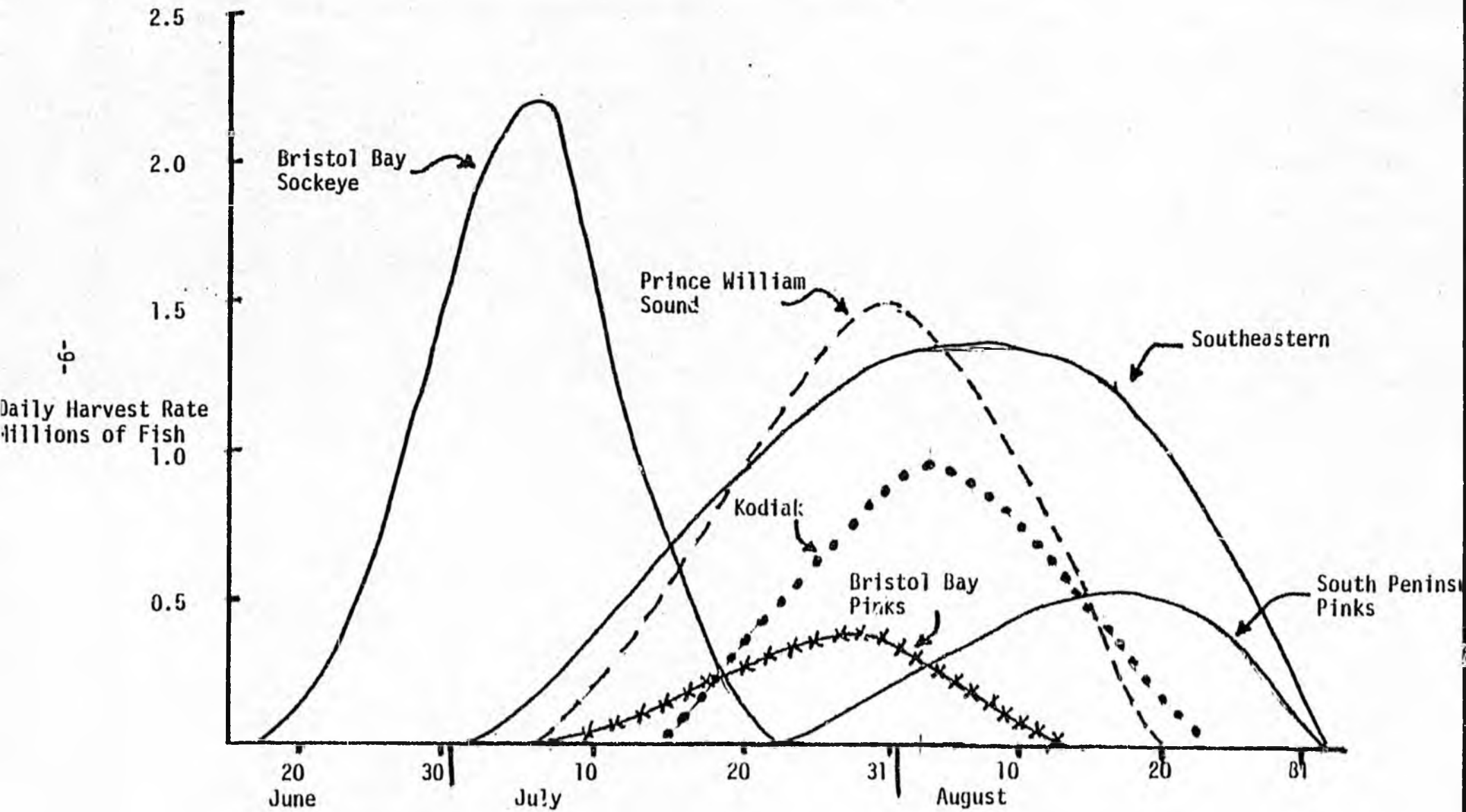


Figure 2. Projected daily harvest rates for selected 1982 Alaskan commercial salmon fisheries.

Table 1. Comparison of 1980 and 1981 commercial salmon harvests to harvestable surpluses projected for 1982 Alaska fisheries.

Fishery	Commercial Harvest in Millions of Fish		
	1980	1981 ^{1/}	1982 Projected
Southeastern	18.7	21.0	29.2
Prince William Sound	15.2	23.3	25.7
Cook Inlet	5.2	6.7	5.8
Bristol Bay	28.1	27.7	38.9
Kodiak	19.2	13.1	15.9
Chignik	2.3	3.6	3.0
Alaska Peninsula-Aleutians	18.3	12.1	12.9
Arctic-Yukon-Kuskokwim	3.3	3.9	3.6
State Total	110.3	111.4	135.0

^{1/} Preliminary, compiled November 23, 1981.

Table 2.
 Projected daily processing capacity estimates for selected Alaskan salmon fisheries in 1982.

Area	Daily Processing Capacity (numbers of salmon)			
	Canning	Fresh-Frozen	Export	Combined
Southeastern	750,000	274,000	350,000 ^{1/}	1,374,000
Prince William Sound	597,000	100,000	260,000 ^{2/}	957,000
Bristol Bay	684,000	648,000	468,000	1,800,000
Kodiak	715,000	171,500	<u>3/</u>	886,500
South Peninsula-Aleutians	400,000	100,000	<u>3/</u>	500,000

^{1/} The 1978 estimated export level.

^{2/} Considered a minimal level.

^{3/} Unknown.

Table 3.
 Summary of plants and operational canning lines available for the 1982 salmon season
 in selected areas.

Area	Plants	Operational Canning Lines Available				Total
		1/4 lb.	1/2 lb.	1 lb.	4 lb.	
Southeastern	9	2	8	13	2	25
Prince William Sound	5	3	6	6	1	16
Kodiak	8	0	7	8	1	16
Chignik	1	0	1	2	0	3
Alaska Peninsula-Aleutians	3	0	3	6	0	9
Bristol Bay	12	2	18	18	0	38